

GOVERNMENT OF THE DISTRICT OF COLUMBIA
Office of the Chief Financial Officer

Natwar M. Gandhi
Chief Financial Officer



MEMORANDUM

TO: The Honorable Linda W. Cropp
Chairman, Council of the District of Columbia

FROM: Natwar M. Gandhi
Chief Financial Officer

DATE: April 8, 2003

SUBJECT: Fiscal Impact Statement: "Commuter Tax Act of 2003"

REFERENCE: Draft Legislation as Introduced - No Bill Number Available

Conclusion

Funds are sufficient in the FY 2003 through FY 2006 budget and financial plan because the proposed legislation will require no additional staff and resources to implement. **The proposed legislation will result in approximately \$527 million in additional local General Fund revenue beginning in FY 2004 and approximately \$1.7 billion in additional local General Fund revenue in the FY 2003 through FY 2006 budget and financial plan.**

Background

The proposed legislation would establish a tax on workers in the District of Columbia who are not residents of the District beginning January 1, 2004. Under the provisions of this legislation, a taxable income of \$10,000 and below will result in a payroll tax of 0.5 percent of salary and wages. For individuals whose income is above \$10,000 but not exceeding \$40,000 the rate of taxation would be 1.0 percent and for individuals with salary and wages exceeding \$40,000 a 2.0 percent tax rate would be applied.

Financial Plan Impact

Funds are sufficient in the FY 2003 through FY 2006 budget and financial plan as agreed upon by the Mayor and the Council of the District of Columbia. The following table presents the additional local General Fund revenue based on the new tax rates beginning January 1, 2004.

Additional Revenue Impacting the Financial Plan (\$ in millions)				
FY 2003	FY 2004	FY 2005	FY 2006	4-Year Total
\$0.00	\$551.56	\$576.94	\$603.48	\$1,731.98

The Chief Financial Officer's legislative fiscal analysis is prepared by the Special Projects and Fiscal Analysis Administration in the Office of Research and Analysis. Contact us at 441 4th Street, NW, Suite 400S, Washington D.C., 20001 or view our work on-line at <http://cfo.dc.gov>.